Distr.
GENERAL

IDB.13/19
1 September 1994

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Thirteenth session
Vienna, 7-11 November 1994
Item 5 (c) of the provisional agenda

MEDIUM-TERM PLAN, 1996-2001
(INCLUDING GENERAL CEILING FOR THE BIENNIUM 1996-1997)

Revised draft medium-term plan, 1996-2001

Proposals of the Director-General

Summary

The draft medium-term plan, 1996-2001, was submitted to the tenth session of the Programme and Budget Committee in document PBC.10/12. The Committee, in its conclusion 94/6, took note of it and requested the Director-General to submit an updated draft medium-term plan to the Industrial Development Board at its thirteenth session. The present document responds to that request, which called for a "more concise, focused and action-oriented" approach.

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V.94 25680 7781E

Distr.: 14 September 1994

Introduction

1. UNIDO has undergone an extensive process of restructuring. 1/ In line with the reform of the Organization, the medium-term plan as the principal policy framework of UNIDO has been modified in its content and in its structure so as to reflect the new programme priorities. The medium-term plan, 1996-2001, also reflects the role of UNIDO within the entire system of international development cooperation in which the roles of bilateral and multilateral agencies as well as those of technical cooperation and financial institutions are being redefined.

2. The overall reform efforts of the United Nations system bear manifold and far-reaching implications for UNIDO, which, in the coming years, will have to pursue a two-pronged approach. First, UNIDO needs to ensure that through its industrial development programmes it directly contributes to overall socio-economic development and thus to the attainment of global, system-wide goals. One goal is environmentally sustainable development as conceived by the United Nations Conference on Environment and Development under Agenda 21. Other goals concern issues addressed in system-wide programmes such as for population and development, social development and women and development. On these issues global United Nations conferences with active participation by UNIDO are scheduled for 1994-1995 and will require follow-up in the plan period. In all these areas, the instrumental role of the productive sectors in general, and of industry in particular, in achieving overall socio-economic objectives must be emphasized.

3. Secondly, UNIDO will have to sharpen its own profile as lead specialized agency for industrial development. In response to priority needs of industry, the Organization will focus on elaborating comprehensive programmes in support of industrial development in developing countries, and on enhancing international industrial cooperation. On this basis, the Organization will become an effective player in United Nations country teams and ensure that industry and its priority subsectors are an integral element of overall United Nations country strategies.

4. UNIDO will endeavour to: (a) ensure consistency of approaches throughout the United Nations system in support of industrial development in developing countries; (b) ensure coordination of relevant efforts by various agencies in the system; and (c) promote coordination and pooling of resources from various donors and agencies for co-financing industrial programmes and projects in developing countries. To this end, UNIDO will strengthen its linkages with all United Nations programmes, departments and agencies relevant to industrial development in order to develop joint programmes and intersectoral approaches.

5. In view of the growing importance of regional cooperation, UNIDO will have to enhance its cooperation with the regional commissions. Since the needs and requirements of various regions differ from each other, tailor-made approaches will be developed to establish the most effective strategy and programmes for cooperation with different regional commissions. In the various regions, UNIDO will also have to play its role in generating a developmental impetus in countries or regions where the United Nations is involved in emergency assistance.

6. UNIDO is ready to render full support to implementing the new development paradigm of the United Nations Development Programme (UNDP), "sustainable human development", for which industrial development must constitute a vital cornerstone and an essential programme focus. In this context, the Organization will insist, however, that a clear division of labour between UNDP as a central funding agency and UNIDO (as well as other specialized agencies) as a substantive implementing agency be maintained.

I. NEW FORMAT OF THE MEDIUM-TERM PLAN

7. It is recalled that the current medium-term plan, 1994-1999, approved by the General Conference at its fifth session as contained in document IDB.10/5, follows a structure consisting of five priority problem areas, three elements common to industrial development and six programme instruments of UNIDO as requested in resolution GC.4/Res.25. In the present proposal, this structure has been revised and now comprises the five new development objectives and the related services of UNIDO, three special considerations, six programme instruments (with a revised structure) and three supporting activities. Executive management, general administrative functions, evaluation as well as public information and other recurrent activities are not covered in the present document.

8. The General Conference at its fifth session requested the Director-General in resolution GC.5/Res.1 "to ensure the compatibility of the activities within the medium-term plan with the policy framework of UNIDO outlined in document GC.5/23 and endorsed by the General Conference in resolution GC.5/Res.18". In response, under the description of the five development objectives, their relationship with the former priority problem areas is clearly indicated (see paras. 11-17 below). Relevant system-wide priority themes such as environment and social development have also been taken into account and integrated into the UNIDO development objectives.

A. Period covered

9. The period covered by the present draft medium-term plan is six years, from 1996 to 2001. This is in conformity with General Conference decision GC.2/Dec.23, paragraph (b), in which the Director-General is requested to submit to the Board in the first year of each fiscal period, through the Programme and Budget Committee, a draft medium-term plan for the six years that follow the current fiscal period. However, in view of the rapidly changing global economy as well as the changing role and structure of the

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1/ The relevant proposals submitted by the Director-General in document GC.5/23 were adopted by the General Conference in its resolution GC.5/Res.18. In accordance with the new objectives and priorities of the Organization, a new organizational structure was put into place as of 1 January 1994, which is specified in terms of the functions and responsibilities of each organizational unit in Director-General's Bulletin UNIDO/DG/B.175. A summary account of the guiding principles of the restructuring process is provided in document IDB.13/10-PBC.10/12, in paragraphs 6-16.

United Nations system, projecting the socio-economic and industrial prospects until the year 2001 is a very difficult task. This difficulty is intensified by the fact that the document is submitted to the Programme and Budget Committee in the first year of the biennium preceding the first year of the period covered. For this reason, the present draft medium-term plan concentrates on the programme of the first four years, that is, 1996-1999, whereas for the remaining two years the plan should be seen only as indicative. A proposal to reduce the future coverage to a four-year period is contained in the proposed draft decision presented below in chapter III of the present document. This proposal reflects consultations with the United Nations Secretariat in New York which - in the context of revising the format of the United Nations medium-term plan - is at present also proposing a four-year period for the future.

B. Medium-term plan as the medium-term programme framework

10. The medium-term plan should serve as the principal framework for the biennial programme. Therefore special attention was given to linking the plan more closely to the work programme. Furthermore, in recognition of the medium-term plan document as the main framework for the work programme, it is proposed that the medium-term plan be renamed the "medium-term programme framework". This proposal is also reflected in the text of the proposed draft decision for the consideration of Member States contained in chapter III of the present document.

C. Compatibility with previous medium-term plan

11. In pursuance of General Conference resolution GC.5/Res.1, a brief comparative assessment is made below as regards the consistency and connection between the previous and the present medium-term plan. In doing so, special emphasis is given to the relation between the five priority problem areas of the previous medium-term plan and the five development objectives outlined in document GC.5/23. The five "new" development objectives fall well within previously established mandates and priorities yet they permit a clearer focus. Overall consistency has thus been maintained. In order to establish a more explicit relationship, a short review of each of the five development objectives is given below before elaborating them in greater detail in chapter II.

Development objective I: Industrial and technological growth and competitiveness

12. The attainment of industrial and technological growth and competitiveness is a *sine qua non* for developing countries if they are to accelerate their industrial development. A fundamental task for UNIDO is thus to render technical cooperation and other services in this basic field.

13. A direct link exists to the following previous medium-term plan priority problem areas: industrial rehabilitation and modernization; small- and medium-scale industries (with respect to their modern segment which, both through linkages with large-scale manufacturing firms and through innovative forms of flexible specialization and collective efficiency, assumes critical functions for competitive industrial systems); and development and transfer of technology (primarily through the development of domestic technological capabilities as the basis for self-sustained industrial development).

Development objective II: Development of human resources for industry

14. This development objective corresponds directly with the priority problem area "human resource development" in the medium-term plan, 1994-1999.

Development objective III: Equitable development through industrial development

15. This development objective addresses the basic needs of developing countries, in particular the least developed countries, for poverty alleviation and for inducing more equitable development patterns. A direct link to previous medium-term plan priority problem areas exists with small- and medium-scale industries, *inter alia*, as a mechanism to promote rural industrialization.

Development objective IV: Environmentally sustainable industrial development

16. This development objective reflects the international community's growing concern about the need to abate and prevent pollution attributable to industry as well as to utilize industrial capabilities to provide solutions for sustainable economic growth. It corresponds to the medium-term plan priority problem area "environment and energy".

Development objective V: International cooperation in industrial investment and technology

17. This development objective is derived from the constitutional mandate of UNIDO to promote industrial cooperation on global, regional and national, as well as on sectoral levels. It corresponds to the former priority problem area "transfer of technology" as well as to the former common element "mobilization of financial resources for industrial development". The latter covered both the mobilization of investment resources for developing countries (which is now dealt with under the present fifth development objective) and the mobilization of financial resources for UNIDO programmes (which now is dealt with separately in paras. 140-144 below). With economic and technical cooperation among developing countries (ECDC/TCDC) being a key dimension of this objective, it is also closely linked with the common element "ECDC and subregional industrial cooperation" of the previous medium-term plan. Seen from the perspective of the previous medium-term plan format, this implies changes as summarized in table 1 presented below.

II. THE RESPONSE OF UNIDO TO INDUSTRIAL COOPERATION CHALLENGES IN THE PLAN PERIOD

18. In document IDB.13/10-PBC.10/12, a summary assessment was given of the main trends emerging in global and regional industrial development. The reader is referred to the relevant sections of that document (paras. 26-48) which, with a view to being more concise and more focused on the role and services of UNIDO, are not included in the present document. More specific trends and developments of direct relevance to UNIDO services are presented, however, in the introductory sections under each development objective.

Table 1

Compatibility of previous and new medium-term plan

Previous medium-term plan	New medium-term plan
Priority problem areas	Development objectives
Human resource development	Retained as separate development objective (development of human resources for industry).
Development and transfer of technology	Addressed under two development objectives (industrial and technological growth and competitiveness; international cooperation in industrial investment and technology).
Industrial rehabilitation and modernization	Addressed under development objective "industrial and technological growth and competitiveness".
Small- and medium-scale industries	Addressed under several development objectives.
Environment and energy	Retained as separate development objective (environmentally sustainable industrial development).
Common elements	
Mobilization of financial resources for industrial development	Regarding resource flows to developing countries: addressed under development objective "international cooperation in industrial investment and technology". Regarding mobilization of financial resources for UNIDO: addressed separately in chapter II, section E.2.
ECDC and subregional industrial cooperation	Addressed under development objective "international cooperation in industrial investment and technology".
	Special considerations
Integration of women in industrial development	Retained as special consideration.
	Private sector development (new special consideration).
	Regional priorities (previously addressed under "regional dimension").

A. The five development objectives and related services

19. Current trends in the global economy towards policy deregulation, private sector development, trade liberalization and regional trading arrangements will offer major opportunities for industrial and trade development - but also pose severe challenges, especially for developing countries. Significant weaknesses of and constraints to socio-economic development will be revealed which need concerted responses at the global, regional and national levels. In this context, social issues of economic development, environment protection and human development are key issues on the agenda of the United Nations system with a view to achieving a sustainable improvement in people's quality of life. The concerns of developing countries to build up a technological and skill basis and capacity for sustained industrial growth are intimately linked with this agenda.

20. In response to these challenges and within the specific realm of industrial development, UNIDO has singled out five development objectives which constitute its framework for contributing to overall cooperation efforts undertaken by the United Nations system as a whole. Two of these objectives are of fundamental importance in guiding the activities of UNIDO towards addressing pressing global issues: First, equitable development which above all means social development in terms of poverty reduction, the balanced creation of productive employment and social integration of disadvantaged groups of people - the three core issues of the World Summit for Social Development. Second, environmentally sustainable development which is centered around clean production, energy conservation, natural resource management, reduction of greenhouse gas emissions, and protection of the ozone layer - which are among the core issues of Agenda 21.

21. A third and fourth objective address the concerns of developing countries regarding industrial and technological growth and competitiveness as well as development of human resources for industry.

22. The fifth objective addresses the need for new and strengthened forms and approaches of international cooperation in the field of industry and for making use of the emerging opportunities for a global partnership in this regard. It thus constitutes both an objective per se and a basis for carrying out a wide range of activities associated with the other four objectives.

23. It is through working towards these objectives that UNIDO will play its role and make its distinct contribution to global concerns as

expressed in the United Nations agenda for development.

1. Industrial and technological growth and competitiveness

The issue

24. Industrial and technological growth and competitiveness are key prerequisites for the attainment of overall socio-economic development by the developing countries. Through its impact on employment, income, consumption, export earnings and skill enhancement as well as its linkages to the primary and tertiary sectors, industrial growth remains the central issue for all countries. The build-up of industrial growth capabilities in developing countries on a sustainable basis requires forward-looking policies, capacities for generating and applying new technologies, managerial development, efficient information systems as well as industrial support services. It is through these indigenous capacities and related skills that developing countries can systematically pursue industrial growth and build up their current and future industrial competitiveness or "development strength".

25. Recent industrial globalization trends have resulted in the emergence of a new paradigm of competition and competitiveness. International competitiveness in the field of industry is becoming an increasingly complex concept. It covers not only cost-price dimensions but also quality considerations and questions of product design as well as flexible responses through custom-made products, improved marketing and more efficient distribution channels, built-in after-sales services and the establishment of functioning information systems. Besides enterprise-level requirements such as skills, information, technology and management, the concept of competitiveness essentially reflects the systemic interplay of enterprises in production networks and indeed the entire national environment for the production of goods, including its physical and institutional infrastructure and its ability to promote domestic savings and investment and to attract foreign capital and technology.

The services of UNIDO

26. In the plan period, support to the build-up of domestic technological capabilities in various subsectors, including agro-based, chemical, engineering (including electronics) and metallurgical industries, is at the centre of UNIDO's services under this objective. Based on a close monitoring of international technological and economic trends, UNIDO will focus its technical cooperation and advisory services on issues such as the supply of technological information; new and competitive technological applications in various industrial subsectors; absorption and adaptation to local factor conditions of new technological processes; and the development of endogenous technological capability through applied research at institutional and enterprise levels. Specifically, its services will cover production engineering, process options and related equipment choice as well as product design and development with a view to increasing the cost efficiency of production, improving the quality of manufactured goods and enhancing competitiveness. This will prominently include advice on the sourcing, assessment and transfer of technologies and support to their subsequent adaptation to local needs and capabilities. In the latter area, services related to human resource development for industry will be playing an important integral role. Furthermore, developing countries will be assisted in enhancing the awareness of industrial implications and applications of new, cross-sectoral technologies (such as informatics, new materials, biotechnology and environment- and energy-related technologies) as well as strengthening their capabilities to adapt them according to their specific needs.

27. At the policy and institutional level, UNIDO will provide advice to Governments and other actors on strategies for industrial and technological development, and policies conducive to creating an enabling environment for achieving accelerated industrial growth and industrial competitiveness, with special emphasis on enhanced private sector development. UNIDO will also focus on strengthening industrial policy-making and specific promotional government institutions at the national and subnational level as well as industrial associations, chambers of commerce and a wide range of industrial support institutions. The latter would cover areas such as industrial technology, research and development, management and marketing, with primary emphasis on enhancing the capability of those institutions to render technical consultancy, advisory and extension services to their industrial members and clients as well as creating links between them.

28. Given the rising importance of the quality dimension in international competition, both in export and domestic markets, UNIDO will further enhance its programme on quality control, standardization and metrology. Specifically, UNIDO will render advice on the industry-specific application of generic ISO 9000 standards that need to be adjusted to the requirements of different manufacturing production processes. With a view to reaching a broad base of recipient enterprises, such services will primarily draw on existing institutions and associations (or focus on institution-building) to ensure maximum multiplier effects. Technical cooperation in quality control, standardization and metrology - the heart of the UNIDO industrial quality programme - will be complemented by two additional elements: promotional activities (such as awareness-building seminars) and research and advisory services on company-level statistical quality control tools.

29. Small and medium enterprises are increasingly recognized as key actors in the industrialization process. To fulfil their role, they need strong linkages among themselves and with larger business partners as well as efficient support systems. Specifically, the networking of small and medium enterprises (SMEs) and large manufacturing firms through production linkages is an indispensable dimension of industrial resilience and competitiveness. In the plan period, UNIDO will further strengthen and integrate its related services in terms of: (a) policy analysis and advisory services concerning approaches to inducing and promoting local sourcing by large industries; (b) assistance to small and medium suppliers to upgrade their technical and commercial skills and their capability to meet quality requirements; (c) support in building up transparent information systems on networking potentials (e.g. through sub-contracting exchanges); and (d) development of networking and linkages between institutions and SMEs in different countries. Furthermore, UNIDO will

promote concepts of flexible specialization of clusters of SMEs based on complementarity and cooperation. In general, UNIDO will stress its role as an intermediary among the different parties involved in SME development, particularly with a view to enhancing links between Government and private sector institutions, associations and enterprises. Institutional capabilities in designing and managing SME policies and programmes will be strengthened. Special attention will be given to coordinating such efforts with financial institutions, particularly regional and national development banks.

30. Finally, enterprise restructuring services will constitute a central dimension of UNIDO activities under this objective. Enterprise restructuring, in the form of rehabilitation and modernization programmes, will be applied to secure the optimal use of existing industrial capacities through upgrading and transformation, and thus to lay the groundwork for future industrial growth and competitiveness. Specifically, UNIDO will focus on: integrated restructuring assistance that encompasses diagnostic surveys; the identification of diversified market potentials; preparation of feasibility studies for modernization or new investment requirements; managerial, financial and ownership restructuring (including privatization); elaboration of detailed implementation plans and provision of specialized training - and coordinate these activities with measures to be taken at the institutional and policy levels.

31. UNIDO will also render policy advice and promote consultative processes between Governments, industrial entrepreneurs and associations so as to enhance the development of an effective and competitive industrial fabric and a systemic approach towards industrial and technological growth.

2. Development of human resources for industry

The issue

32. Human resource development can be defined as a dynamic process providing and sustaining opportunities for women and men in accordance with their aspirations and talents to acquire knowledge, skills, attitudes and know-how, the ultimate objective being to accelerate industrialization and foster socio-economic development.

33. With its broad connotations for the human dimension of development, human resource development thus is of primordial concern in the industrial context. It is an important precondition for, as well as a result of, industrialization. For UNIDO, it relates not only to educational and training systems at the regional, national and enterprise levels, but it is also closely associated with building up capabilities for the development, transfer and absorption of technology and the promotion of industrial restructuring towards skill-intensive activities and industrial services.

34. Central to the discussion of human resource development for industry are the need to create and upgrade continuously the skills, motivation and know-how required by industry and essential to achieving dynamic industrial growth. This is also borne out by the new patterns of industrial growth and competition in the world economy which indicate that:

(a) A high skill level is a key determinant for an economy's competitiveness both in terms of production, development and application of technology, as well as the attraction and full utilization of investment and other resources;

(b) Human resource development is an essential part of a country's industrial structural adjustment process. The capacity of a national economy to carry out efficient and socially acceptable restructuring is largely dependent on the functioning of the system of skill generation and its linkage with both the industrial and the science and technology sectors;

(c) The ability of a country to generate and upgrade industry-related skills is a major instrument in combating unemployment and generating equitable development; and

(d) An economy needs enhanced and focused skill generation in order to seize opportunities in advancing industries and rapidly changing markets, as well as to increase the pace of innovation in production.

The services of UNIDO

35. The services to be provided by UNIDO in the plan period under this objective fall into three distinct yet closely interlinked sets of activities, namely supporting the elaboration and review of strategies, policies and plans for industrial human resource development; strengthening capacities and capabilities for industrial human resource development at the institutional level; and directly carrying out a wide range of training activities, inter alia, at the enterprise level.

36. To exercise a strategy and policy advisory function, UNIDO will undertake research and analysis on the main determinants of changing skill requirements in industry with special emphasis on the impact of new technologies and of new ways of work organization at the enterprise level. Changing relationships between the research and development system on the one hand and industry on the other - e.g. concerning the role of demand-oriented transfer agencies - will receive priority attention. Informed by research and analysis, UNIDO will advise policy makers on industrial human resource development at national and sectoral levels with a view to increasing overall industrial productivity.

37. Complementary to the above, UNIDO will focus on supporting institutions with an industrial human resource development mandate with a view to enhancing their capabilities to provide technical, managerial and entrepreneurial training. In the plan period, that support will increasingly involve industrial associations and chambers of commerce and industry as well as consultancy institutions in view of their strong multiplier effect and direct access to industry, in particular private enterprise. At the same time, emphasis will be given to reviewing and reassessing the activities and curricula of existing public sector training institutions that in many cases need to be adjusted to changed economic environments so as not to lose their responsiveness to the changing technical, organizational and managerial requirements of industry. Another area of concentration will be the networking and/or twinning of training institutions in developed and developing countries

as well as among developing countries themselves to facilitate and encourage the exchange of staff, information and curricula.

38. In terms of direct training activities, UNIDO will provide advice and assistance in productivity enhancement by upgrading technical and managerial skills essential for mastering and adapting industrial technologies, with emphasis on training industrial consultants and personnel concerned with providing industrial services. To this end, preparation of training materials and manuals will be intensified with priority subjects being: standardization, quality control and metrology; repair and maintenance; rehabilitation; energy efficiency; industrial safety; and environmental issues, including environmental impact assessment in industry. A subject of special significance will be entrepreneurship development. In general, as in the past, various training modalities such as on-the-job training, in-plant workshops, individual fellowships and group training programmes, will be applied as required and appropriate.

39. Given the importance of human resource development for each technical cooperation project, continued efforts will be made to extend the network of institutions prepared to offer training to UNIDO fellows from developing countries and make greater use of "centres of excellence" in developing countries. New training techniques and methodologies will be explored; training will be undertaken for selected target groups that are in a position to multiply the impact of UNIDO training activities (i.e. training of trainers).

3. Equitable development through industrial development

The issue

40. In recent years, most developing regions have recorded positive economic growth which, in the majority of countries, has exceeded population growth rates, thus resulting in absolute increases in the level of economic welfare as measured by per capita income. It is equally true, however, that the benefits of economic growth have been distributed very unevenly both between and within countries. Income disparities have widened in many economies as has the number of people in absolute poverty.

41. The eradication of poverty has thus been accorded highest priority in the International Development Strategy of the fourth United Nations Development Decade. Accordingly, one of the primary aims of industrial development must be to alleviate poverty. It is generally recognized that the gradual transformation of agrarian societies into industrial economies and the resulting productivity improvements are important mechanisms to combat poverty. While sustained industrial development itself contributes to creating new employment opportunities, there are specific issues that need to be addressed with a view to optimizing the distributional and poverty-reducing impact of industrialization.

42. It is also now widely recognized that efforts to alleviate poverty are among the most productive investments with rates of return often well exceeding those in physical investment. They also reduce poverty-driven environmental damage as agglomerations of impoverished persons often exert debilitating pressures on scarce natural resources and fragile ecosystems. This requires that particular attention be paid to the creation of economic opportunities for the disadvantaged and poor segments of the population through the expansion of both employment and entrepreneurial opportunities so as to enable them to enter the mainstream of economic development.

The services of UNIDO

43. In the plan period, UNIDO will contribute to the creation of more equitable economic opportunities and to the alleviation of poverty by focusing more on economically disadvantaged regions within countries and by developing the full productive potential of rural areas and addressing the issue of urban poverty. At the same time, the equitable development objective implies a special emphasis on the least developed countries which to date have only marginally shared the benefits of industrial progress thus constituting the weakest segment of the international community.

44. Programmes aimed at a more equitable regional distribution of industrial development are expected to receive priority in an increasing number of developing countries and, accordingly, will be of major significance in guiding the services of UNIDO towards a stronger regional dispersal of industrial development. In this context, it is essential that successful regional development be initiated and carried out by the regional actors themselves. UNIDO will support this process by: (a) providing assessed information on efficient mechanisms of regional development, such as the various manifestations of the industrial district concept and their applicability in different development contexts; and (b) providing advisory and promotional services to regional (provincial) industrial institutions and policy makers in areas such as regional development concepts and plans, industrial zoning approaches, targeted investment promotion as well as environmental impact assessment.

45. UNIDO fully recognizes the immense potential contribution of small and medium enterprises for balancing social inequalities, reducing poverty, integrating the rural and urban poor into the productive sectors, providing products and services required by the rural poor, creating demand for produce supplied by small-scale farmers and re-positioning women and other disadvantaged groups. Furthermore, they are an important vehicle for stimulating productive activities in the context of post-conflict reconstruction and development efforts. The promotion of small and medium enterprises, particularly in rural areas, will thus be pursued vigorously, with special emphasis on natural resource processing and the manufacture of simple consumer goods as a means to create non-farm employment.

46. In this regard, priority services of UNIDO in the plan period are:

(a) Assistance in entrepreneurship development programmes for industry through training in basic managerial and technical skills, with special emphasis on women;

(b) Provision of information, advice and operational support on the establishment of common service facilities, business incubator schemes and other institutional approaches for small-scale industry and/or entrepreneurship development;

(c) Encouragement of subcontracting relationships between rural small industrial enterprises and larger manufacturers;

(d) Information and advice on technology upgrading options with emphasis on the efficient blending of traditional and modern technologies;

(e) Stimulation of self-organization for small industrial enterprises, for example in the form of subsectoral associations based on clusters of informal sector producers;

(f) Promotion of linkages between small-scale industries and the service and agriculture sectors;

(g) Review of the functions and impact of national small industry development agencies and provincial and municipal authorities and elaboration of programmes to enhance their effectiveness.

47. In terms of subsectoral priorities, the equitable development objective calls for priority attention to be given by UNIDO to agro-related industries and thus the strengthening of linkages between small-scale agriculture and manufacturing with a view to raising rural productivity, employment and incomes, particularly among the poor. The processing of food - largely taking place in small industries and in a regionally dispersed manner - sets a critical dimension in poverty alleviation strategies. In the plan period, UNIDO programmes will emphasize: the selection, adaptation and diffusion of processing technology, including extension services for cottage and small industries; the modernization/ rehabilitation of ailing food-processing plants; quality control throughout the processing chain; introduction of health and environmental standards for food products; and packaging for preserving quality and facilitating transport and storage.

4. Environmentally sustainable industrial development

The issue

48. With industry being at the centre of the process of achieving sustainable development, the growing importance of environmental issues necessitates their effective integration into industrial activities at both the policy and enterprise levels to achieve environmentally sustainable industrial development. In June 1992, the United Nations Conference on Environment and Development (UNCED) adopted the Rio Declaration on Environment and Development and Agenda 21, which has put the global community firmly on the road to sustainable development. Progress down that road will depend on adherence to the principles enunciated in the Rio Declaration and the achievement of Agenda 21, which highlights the fact that sustainability requires the addressing of environmental issues as an integral part of the development process.

49. At its eleventh session, the Industrial Development Board in decision IDB.11/Dec.18 requested the Director-General to support the implementation of Agenda 21 and singled out the following priority areas: integrating environment and development in decision-making; protecting the atmosphere; environmentally sound management of biotechnology; strengthening the role of business and industry; transfer of environmentally sound technology; and chemical safety. In that decision the Director-General was also requested to engage the Organization in global efforts to protect the ozone layer in accordance with the Montreal Protocol.

50. UNIDO is actively involved in the environmental initiatives of the United Nations system and plays a leading role in their industry-specific programmes. Along with UNDP, the United Nations Environment Programme (UNEP) and the World Bank, the Organization is one of the four implementing agencies of the Multilateral Fund for the Implementation of the Montreal Protocol. It is also a member of the Inter-agency Committee on Sustainable Development and, under Agenda 21, has been designated as the United Nations system task manager for environmentally sound management of biotechnology. More recently, along with FAO and OECD, UNIDO was designated as a partner in the Interregional Programme for Chemical Safety which hitherto had UNEP, ILO and WHO as its members.

51. Alleviating environmental burdens resulting from industrial development is often carried out through a highly regulated end-of-pipe pollution control approach. This requires complex legislation, strong enforcement capabilities and the allocation of sizeable resources for environmental control - conditions that most developing countries will find difficult to meet. On the other hand, there is growing evidence that the active promotion of cleaner production concepts, i.e. combating pollution at source, represents the least costly option to society and a major challenge for industry in the 1990s.

The services of UNIDO

52. In the plan period, the services of UNIDO will be centred around the concept of cleaner production, i.e. on eco-efficient, energy-efficient and waste-minimizing processes. In this, the choice and transfer of clean technologies is one essential element that will be complemented by process optimization based on environmental management audits. UNIDO will support country endeavours through policy advice (e.g. on appropriate incentives structures), information on availability and choice of clean technology in various industrial sectors, promotional programmes as well as environment and energy audits. In selected countries in all developing regions, services will be institutionally consolidated in the framework of national cleaner production centres. Special emphasis will be given to the needs of SMEs in terms of environmental awareness, process improvements, and waste treatment and disposal with particular focus on economic solutions to environmental problems of clusters of SMEs.

53. Another priority of UNIDO will be to assist countries in the implementation of national Agenda 21 programmes. In this context, the emphasis will be on identifying strategic projects - e.g. in energy conservation or pollution prevention - in which UNIDO can provide a holistic response addressing environmental and industrial concerns in an integrated manner.

54. UNIDO will continue to address industry-related environmental issues of biodiversity and biotechnology. In the former field, countries will be supported in the preservation of bio-diversity within programmes for the rational cultivation and commercial valorization of plant species, e.g. through plant-based medicines and other products. Regarding biotechnology, UNIDO

will promote environmentally sound industrial applications and strengthen the institutional base by which developing countries can participate in related research and development.

55. With respect to international agreements, response to the Montreal Protocol will receive high attention. UNIDO will draw on its comparative advantage and work primarily at the plant level - particularly in the refrigeration, foams and solvents sectors - with a view to facilitating the phasing out and substitution of ozone-depleting substances.

56. In the context of the International Conference on Chemical Safety, UNIDO will concentrate in the plan period on elaborating guidelines on safe handling and disposal of toxic chemicals; supporting chemical industries in applying safer technologies and processes; promoting product substitutions (using natural or non-toxic substances) in agro-chemicals; and generally promoting the exchange of experience between developed and developing countries in the management and handling of toxic chemicals.

57. Under the United Nations Framework Convention on Climate Change, the promotion of energy efficiency in industrial processes will take on special significance. Advisory services and support related to reducing the environmental impact of energy-generating systems, promoting energy conservation and new and renewable sources of energy - to be seen in the context of the emphasis on green-house gas issues under the Global Environmental Facility - will also be strengthened. Finally, the UNIDO initiative towards industrial applications of safer energy (already begun at the National Centre for Applied Solar Energy in Australia) will be further pursued in the plan period in terms of establishing and networking further such centres.

5. International cooperation in industrial investment and technology

The issue

58. With markets being liberalized and economies deregulated, international industrial cooperation is assuming increasing significance for all actors in the global industrial development process. The objective of international cooperation in industrial investment and technology is thus directly related to the central coordinating role that UNIDO plays in the common system in the field of industrial development. Generally, international industrial cooperation involves a broad range of dimensions that encompass cross-border investment flows, technology transfer, international subcontracting, licensing, research consortia, strategic company alliances and many others. The role and responsibility of UNIDO is to lay the foundations for enhanced international cooperation in the field of industry.

59. It is increasingly recognized that foreign direct investment (FDI) and technology transfer are closely intertwined and their effective absorption depends on similar pre-conditions. FDI and technology inflows are not only to be seen in terms of individual contracts but also in terms of the creation of a national capability to access such inflows and utilize them effectively so as to secure a return for all parties involved. The establishment of a conducive investment climate, the generation of matching domestic investments and the creation of an adequate infrastructure for the utilization of technology in industry are to be seen as an integral part of the same process.

60. In today's changing industrial landscape, the role of UNIDO is increasingly focused on the creation of global partnerships so as to support collaborative efforts between countries with complementary interests, experience and/or resources. Industrial and industry-related institutions, increasingly also from the private sector, act as efficient vehicles to foster such partnerships that often take place in specific subsectoral contexts.

61. The mechanism of ECDC/TCDC has thereby been the subject of increasing attention. It is now recognized that ECDC/TCDC works best on the basis of initiatives taken by developing countries and their enterprises themselves, with the needs and capabilities of partners being clearly identified. In this context, a significant opportunity is offered by the increasingly important role that regional and subregional groupings of developing countries will assume in the 1990s. External assistance in the field of industry could catalyse the opportunities offered by these groupings, enabling them to benefit from each others' experience and to avail themselves of the potential economies of scale and complementarities of production promised by these groupings.

The services of UNIDO

62. FDI is an essential dimension of international industrial cooperation and UNIDO will continue to offer an integrated investment promotion programme to support this process. The main components of this programme comprise: monitoring and assessment of pertinent trends in international FDI flows; preparing country-specific investment guides on relevant legislation, infrastructure, procedures, incentives, etc.; active support in identifying, preparing, appraising and promoting investment projects so as to create a viable and bankable portfolio for subsequent promotion; building up and strengthening of national investment promotion agencies and advising Governments on suitable policies; organizing investment forums and "invesmarts" (as a mechanism to bring together local project sponsors and foreign partners); and following up and facilitating investment and business agreements, inter alia, through feasibility studies, in the framework of a project completion facility. UNIDO's global system of World Investment Network Services (WINS) will be the key institutional mechanism for investment promotion and its further expansion through additional Investment Promotion Service (IPS) offices is foreseen in the plan period.

63. UNIDO will focus its investment promotion services primarily on medium-sized investors. Not only is there ample evidence that these are gaining in relative importance, but they are also most in need of support services given their limited expertise on foreign markets and their generally higher risk-aversion compared with large transnational corporations. It is also medium-sized investors who attach particular value to the neutrality of UNIDO as an impartial adviser and intermediary. In addition, the successful approach of promoting investment in specific subsectors as well as in particular regions within a country - with a focus, where feasible, on less developed regions - will be continued and broadened in the plan period. Special emphasis will be given to investment-related environmental issues.

64. In the field of international cooperation in technology transfer, UNIDO will assign priority to supporting the build-up and operation of relevant information capacities. This involves the provision of information itself, mainly through the Industrial and Technological Information Bank (INTIB) and the Technological Information Exchange System (TIES), the setting up/upgrading of national technology information mechanisms and their link with UNIDO international networks. Furthermore, international technology transfer trends will be monitored and studied with special emphasis on innovative forms such as build-operate-transfer arrangements and strategic alliances, and developing countries will be supported in their beneficial application. In this context, activities in the plan period will especially support the strengthening of local institutional capacity to deliver consultancy and advisory services as well as training programmes in the area of technology choice, evaluation, acquisition and negotiation. Governments will be advised in implementing appropriate legal and institutional measures to facilitate technology flows and specific programmes such as "techmarts" will be applied for their promotion. Also, the need will be addressed to revitalize existing technology institutions in view of the changed industrial environment.

65. While UNIDO is one of several institutions promoting investment in developing countries, it is the only one with a sound background in industrial development and technology transfer. UNIDO will thus concentrate on linking investment promotion with technology upgrading and the enhancement of technological capabilities through promoting integrated investment and technology policies. Based on the specific conditions prevailing in different countries, the Organization will design in the plan period integrated packages of services to be implemented within the framework of a partnership initiative in close cooperation with the Government, industrial institutions and enterprises.

66. Specifically, international cooperation will be promoted through international and regional centres and networking arrangements under the aegis of such bodies as the International Centre for Genetic Engineering and Biotechnology (ICGEB) and the International Centre for Science and High Technology (ICS) with particular emphasis on long-term capability building in new generic and cross-sectoral technologies.

67. Also, the conclusion of cooperation agreements between industry-related institutions and industrial associations in various Member States will be promoted in the plan period with a view to establishing twinning arrangements and multilateral networks. These could serve as umbrellas for promoting innovative schemes of region-to-region cooperation encompassing a broad range of investment and technology cooperation at the policy, institutional and enterprise levels. Pilot schemes of such cooperation between individual regions in developing and developed countries will be launched in the plan period.

68. While the promotion of ECDC/TCDC is specifically linked to the international industrial cooperation objective, it is obviously not confined to investment and technology issues and will be given particular attention within all relevant UNIDO programmes. This comprises, inter alia: the strengthening of the institutional infrastructure for ECDC/TCDC activities at all levels; the implementation of suitable mechanisms such as centres of training and technological excellence, networks and workshops; the consideration of ECDC/TCDC dimensions in the design of UNIDO services; and the increasing use of experts, services and equipment from developing countries in UNIDO technical cooperation projects. Specifically, in the plan period, the mechanisms used for monitoring and reporting on ECDC/TCDC activities will be further improved. In response to General Conference resolution GC.5/Res.10, UNIDO will address ECDC/TCDC primarily in regional and subregional contexts and seek close co-operation with existing regional intergovernmental organizations. The focus will be on identifying the preconditions for successful industrial cooperation schemes between developing countries as well as analysing their replicability. UNIDO will provide a platform for exchange of experience in this regard between subregional groupings within and between different regions.

B. Special considerations

1. Integration of women in industrial development

The issue

69. Any policies and measures addressing the development of the manufacturing sector must take into account the crucial role that female industrial labour and entrepreneurship assume both for economic and industrial progress and for the achievement of social development objectives. There is every evidence that the participation of women in the formal industrial sector has resulted in attaining high levels of indicators of social and human development.

70. Despite the major contribution that women have made to manufacturing, their participation has taken place on unequal terms and has been characterized by patterns of "vertical" and "horizontal" segmentation: women have generally been confined to a narrow range of manufacturing branches and are over-proportionately concentrated in low-skill production jobs at the lower end of the occupational hierarchy.

71. This pattern of female participation in the economy and manufacturing is also a result of socio-cultural factors that influence women's status in society and the economy at large: they demonstrate gender-specific constraints. The overall objective for the plan period is to enhance the contribution of women to the industrialization process of developing countries, including to enable them to participate on an equal basis in industrial decision-making and the benefits of development. The thrust of the programme is directed towards assisting women to meet the challenges of industrial restructuring, technological change and economic reforms that many countries are undergoing.

The services of UNIDO

72. The approach adopted within UNIDO and by the United Nations system as a whole to promoting the integration of women in development has been termed "mainstreaming". The focus will be on acknowledging women as an integral part of the target group of UNIDO activities allowing them to benefit on an equal basis. However, women-specific programmes and services will remain all the more necessary in order to address specific constraints that impede women from participating in "mainstream" development.

73. In the plan period, the services of UNIDO will focus on providing policy advice and specific recommendations to Governments with a view to creating a policy environment conducive to the participation of women in industry by removing policy, legal and institutional barriers thereto. At the same time, recommendations will be provided to industry and industrial institutions encouraging them to pay more attention to the potential of women in industrial development, while advice will be given on the improvement and diversification of employment opportunities.

74. To that end, special efforts will be made by all relevant units of UNIDO to obtain and disseminate gender-disaggregated data. Indicators highlighting gender relationships will be developed for the collection of such data, particularly on industrial employment by skill level and occupational group. The findings and recommendations of the ongoing regional typology studies on the participation patterns of women in manufacturing will provide an important source in this respect and will be used in the operational activities of UNIDO.

75. Emphasis will be placed on the consideration of gender-related issues in the management of UNIDO services from the screening stage through evaluation. Furthermore, based on an assessment of industrial subsectors of specific relevance to women, their role will be addressed specifically in activities related to human resource development, agro-industries, small-scale industry promotion, energy and environment programmes. It will also be addressed in relation to the development and transfer of appropriate technology, including new and high technologies.

76. In the plan period, UNIDO studies and research activities will devote attention to the role of women within the countries' human resource base and monitor the impact on women of new technologies, industrial restructuring and resultant changes in skill requirements. For instance, human resource planning based on the studies carried out on emerging employment trends and technology development will facilitate the design of educational and training programmes and other types of technical cooperation activities.

77. UNIDO will also further develop and implement its thematic programme on the promotion of entrepreneurship of women in subsectors where they are strongly represented. In the context of UNIDO activities, issues related to health, safety and working conditions of women workers will be taken into consideration, while labour- and energy-saving and clean technologies that increase women's productivity and income will be developed and disseminated.

78. Close coordination within the United Nations system and at the national and international levels on the issue of women in industry will be maintained throughout the plan period, particularly through follow-up to the Fourth World Conference on Women to be held at Beijing, China, in 1995 and the platform for action that is expected to emanate from that Conference.

79. Steps will be taken to further increase the awareness of the staff of UNIDO and cooperating institutions in developing countries of the participation of women in industry and the constraints women face as well as to upgrade the ability of those designing and implementing services to adequately address the issue of women in industry.

2. Private sector development

The issue

80. In recent years, there has been a powerful trend on the global scene for the private sector in general and private industry in particular to assume a growing, and indeed leading, role in economic and industrial development. Many Governments - disenchanted with the limited growth dynamics generated by public sector-led industrial development - have turned to stimulating private initiative through far-reaching deregulation programmes. In industrial restructuring efforts, increased reliance has been placed on market forces within an environment of stronger competition in final product markets, labour markets and financial markets. As part of this overall process, import protection has generally declined and many restrictions on FDI have been lifted.

81. Within this overall context, the privatization of public enterprises has received growing attention particularly since the mid-1980s. The need for such a reorientation stemmed from a pervasive dissatisfaction with the performance of public enterprises, which in the early 1980s were estimated to account for over a quarter of gross fixed capital formation in all developing countries. Primarily driven by the need to lessen the fiscal burden that inefficient and loss-generating public enterprises had placed on state budgets, a great number of developing countries have embarked upon privatization programmes and policies albeit differing in scope, pace, methods and results.

82. However, the sometimes ambitious privatization programmes have materialized to a limited extent only. Furthermore, transfer of ownership per se does not guarantee increased efficiency or competitiveness. To reach its objectives, privatization has to go hand in hand with a strengthening of market forces through carefully designed deregulation and liberalization moves as well as with enterprise restructuring and new investments.

The services of UNIDO

83. The lead role played by private industry in most developing countries and the transition to such structures in others bear manifold implications for UNIDO. It is clear that UNIDO services must be geared also to private industry unless the Organization is to lose its relevance. UNIDO activities in support of private industry cut across most services rendered under the various development objectives, more obvious in some cases (such as investment promotion), less so in others. The great majority of UNIDO services either directly or indirectly benefit the private sector in terms of improving the overall business environment, initiating industrial policy dialogues, strengthening support institutions, providing information and research inputs and extending technical and managerial training. Also, in implementing projects, some 50 per cent of UNIDO experts are drawn from the private sector and the majority of contracts awarded for the purchase of equipment are with private sector companies, increasingly from developing countries.

84. In the plan period, UNIDO will continue to provide analytical inputs and policy advisory services to Governments that have embarked upon strategies to promote private industry. Such services will involve both general advice on

conducive industrial policies and institutional frameworks as well as specific assistance to privatization programmes, including technical and managerial support with a view to ensuring the economic and social sustainability of privatization processes (see also para. 30). In this context, UNIDO will draw on its strong sectoral expertise and elaborate private sector promotion strategies also for specific industrial subsectors.

85. In general, it is expected that private industry will play an increasing role in the plan period as both project counterpart and beneficiary. With a view to inducing multiplier effects, this presupposes the existence of effective private industry organization and representation. Particularly in many least developed countries where such institutions are often lacking or malfunctioning, industrial associations such as chambers of commerce and industry will be strengthened by UNIDO through expert advice as well as through the promotion of relevant international partnerships. Efficient industry associations will be able, inter alia, to perform the following functions: (a) to deliver services to member companies; (b) to act as representatives of private industry in policy dialogues and negotiations with the Government; and (c) to function as counterpart for technical cooperation and other promotional programmes. In a way, therefore, many countries face the challenge of having first to create the institutional conditions under which services can subsequently be delivered to private industry. This is a major task for UNIDO support in the plan period.

3. Regional priorities

The issue

86. While being an international organization with a global mandate, UNIDO must be prepared to accommodate and respond to the great regional diversity of resource endowments, economic conditions, levels of development, and industrial and technological skills and capabilities. The constraints of and prospects for industrial development vary strongly from region to region, which is reflected in regionally diversified demands for UNIDO services.

87. In accordance with General Conference resolution GC.5/Res.20 (Yaoundé Declaration), UNIDO gives special attention to the industrialization of the least developed countries which face particular constraints in their resources and infrastructure. High priority is also accorded to the industrialization of Africa and to the realization of the objectives of the Second Industrial Development Decade for Africa (IDDA).

The services of UNIDO

88. The least developed countries (LDCs), by definition, are far behind the rest of the developing world in terms of economic and industrial development. Unless strong remedial action is taken by the LDCs themselves and through international support, the development gap will continue to widen. Typically, LDCs are characterized by relatively poor or underutilized natural resource endowments, small domestic markets, rudimentary and undiversified industrial structures, low levels of skill development, high import dependence and insignificant manufactured export capabilities. Many LDCs are now implementing structural reforms aimed at reducing the size of the public sector, deregulating the economy and promoting private industries.

89. In the plan period, UNIDO will respond to the conclusions reached at the Second Ministerial Symposium on the Industrialization of the Least Developed Countries and address the following needs on a priority basis: enhancing industrial competitiveness as a precondition for increased world market integration; promoting small and medium enterprises and, in this context, promoting entrepreneurship with special emphasis on women entrepreneurs; strengthening national capacities in project identification, formulation, implementation and monitoring; advising on industrial policies conducive to private sector development; and building national capacities, particularly in industrial information, human resource and technological developments. In all these areas, two dimensions of paramount importance will be incorporated: first, the cooperation of UNIDO with development finance institutions at national, regional and international levels; and second, the encouragement of subregional and regional cooperation among LDCs as well as between LDCs and other developing countries.

90. In compliance with the Yaoundé Declaration as well as with the objectives of the Second IDDA, UNIDO will continue to assign high priority to assisting African countries and subregional and regional organizations. In this context, further harmonization of activities of the Second IDDA and the second United Nations Transport and Communications Decade in Africa will be actively sought in consultation with the Organization of African Unity, the African Development Bank and other relevant organizations. In line with the relevant resolutions taken at the eleventh meeting of the Conference of African Ministers of Industry as well as General Conference resolution GC.5/Res.12, the activities of UNIDO under the Second IDDA, comprising 50 national and four subregional programmes, will focus on: formulating industrial policies with a view to creating an enabling environment for increased industrial investment and private sector participation; stronger involvement of the private industrial sector in implementing the programmes of the Second IDDA; expansion of investment promotion; entrepreneurial training and development; dissemination of industrial and business information; promotion of linkages between small and medium industries and large industries as well as between agriculture and manufacturing through support to agro-related and agro-processing industries; assistance in the implementation of national Agenda 21 programmes and in reconciling environmental needs with industrial priorities; and the development and strengthening of sustainable capabilities of industrial support institutions in areas such as industrial technology, research and development, consultancy, human resource development and industrial associations. In addition, regional and subregional industrial cooperation will be further strengthened, in particular by elaborating market integration programmes in priority subsectors in the context of existing cooperation arrangements among African countries.

91. The Special Programme for Industrial Development in the Arab Countries, in response to General Conference resolution GC.5/Res.13, will orient its activities in the plan period towards the following priority areas: human resource

development; development of national and regional technological capacities and upgrading industrial competitiveness; standardization and quality control; industrial management information; food security through the development of agro-industries; promotion of the private sector, industrial rehabilitation and investment activities; and energy conservation and environment protection. New activities in the plan period will be jointly planned with the relevant specialized Arab organizations and the LDCs in the region will be given particular attention. UNIDO further intends to elaborate a comprehensive industrial support programme for the Palestinian people, focusing primarily on employment generation and the promotion of small and medium enterprises through private sector initiatives.

92. The Special Programme for the Industrial Development of Asia and the Pacific will build on the preparatory activities in the period 1991 to 1994 with a focus on the LDCs of the region, and on other regional programmes and projects. Partnership with the Economic and Social Commission for Asia and the Pacific (ESCAP) Regional Network for Agricultural Machinery will continue in networking, formulation, fund-raising and implementation of regional and country-specific projects for the development and promotion of agro-related metalworking industries particularly in selected LDCs. Other areas of focus for cooperation with ESCAP, such as the Asian and Pacific Centre for Transfer of Technology and FADINAP (Fertilizer Advisory, Development and Information Network for Asia and the Pacific) will continue to be an important element of the programme. Integrated programme formulation with other agencies and development banks will be intensified in the region. Intercountry cooperation in agro-based industries and environmental issues, such as cleaner production technologies and effluent treatment in the leather tanning industry, as well as networking systems, such as continuation of activities in pesticides development and automotive emission control, will be pursued further, based on experience gained under ongoing programmes. In addition to ongoing technical cooperation activities at the country level, emphasis will be placed on programmes for the LDCs and other disadvantaged countries in the region in support of poverty alleviation strategies, including through small-scale industry development, drawing also on the experience acquired by the newly industrializing countries in the region. The increasing momentum of subregional cooperation in the Association of South-East Asian Nations, the South Asian Association for Regional Cooperation and the South Pacific Forum continues to be an important opportunity for the gradual integration of LDCs into those cooperation arrangements.

93. In the plan period, the Regional C operation Programme for the Industrial Recovery of Latin America and the Caribbean will continue its work in the priority areas initially identified under the Programme. Programmes and projects supporting Governments and institutions in industrial policy formulation and implementation will be developed, particularly on decentralization policies and mechanisms as well as on schemes assisting small and medium enterprises in upgrading human resources and in achieving environmentally sustainable production. Addressing groups of enterprises in specific subsectors of industry, UNIDO services will be oriented towards enhancing competitiveness through applying new forms of production and organizational systems based on integrated quality concepts, lean management, flexible specialization, waste minimization and information networking. At the same time, subcontracting relationships will be promoted towards achieving long-term cooperation involving increasing technological sophistication. Sectoral emphasis will be given to capital goods and agro-based industries as well as to bio-technology. At the regional and subregional level, the focus will be on networking of industrial support services and on market development programmes with particular attention to the needs of the Central American and Caribbean less developed countries.

94. The activities of UNIDO within the Europe programme, besides providing general industrial information and policy advisory services, will concentrate primarily on five integrated, generic programmes for individual or groups of countries that will cover: industrial restructuring at the enterprise level, including privatization and technological modernization; industrial investment promotion, including technology transfer; entrepreneurship and small and medium enterprise development, particularly strategic decision-making and financial analysis; environmental protection through the promotion of cleaner production and energy efficiency (also covering the reduction of greenhouse gas emissions); and development of industries directly supporting basic needs, including building materials, hospital equipment and pharmaceuticals, and food and textile processing. The programmes will cover specific subsectors as appropriate and will be derived from industrial subsector and policy analysis. Through designing subregional industrial support strategies, a targeted response to the industrial needs and priorities of different groups of countries will be ensured.

C. Linkages with UNIDO programmes

95. It is a key requirement for the medium-term plan to be clearly translated into and linked with activities under the different programmes of UNIDO. The precise relationship between the Organization's various programmes on the one hand and the services under the five development objectives and three special considerations on the other will be established in greater detail in the future biennial work programmes. In a broader perspective, the relevant linkages are indicated below.

96. Most of the major programmes of the Organization clearly relate to the entire range of activities of UNIDO and thus address equally all development objectives and special considerations. Specifically, this applies to major programmes: 100 (Policy-making Organs), 200 (General Management), 300 (Country Strategy and Programme Development), 400 (Mobilization and Management of Financial Resources), 900 (Common Programmes), 1000 (Operational Support), 1100 (Joint and Common Services) and 1200 (Administration).

97. In the case of major programmes 500 (Information and Research), 600 (Human Resource, Enterprise and Private Sector Development), 700 (Industrial Sectors and Environment) and 800 (Investment and Technology Promotion), a correspondence between individual programmes and their impact on specific development objectives can be established. However, a note of caution is warranted. In principle, the various substantive programmes provide services in pursuit of several or all of the development objectives of the Organization. Therefore, table 2 below only concentrates on the most direct links in terms of

Table 2

Link between UNIDO services and programmes

Development objective	Key areas of service	Programmes primarily responsible
Industrial and technological growth and competitiveness	- Sector-specific services addressing technological information, competitive technology applications and development of endogenous technological capabilities in terms of production engineering, process options and product design	720-740
	- Advisory services on creation of enabling environment for industrial development, including industrial and technological strategies and policies as well as private sector development and build-up of required supporting institutions	650, 720-740, 830
	- Advice on sourcing, assessment and transfer of technologies	720-740, 830
	- Awareness-building on impact of new technolgies	830
	- Quality control, standardization and metrology, including company-level statistical quality control tools	650,720-740, 530
	- Small and medium enterprise promotion, in particular "modern segment" in terms of industrial system creation and networking	640, 720-740
	- Enterprise restructuring (rehabilitation, modernization, privatization)	630
Development of human resources for industry	- Strategies and policies for industrial human resource development, including analysis of changing skill requirements and of relationships between research and development system and industry	620, 540
	- Strengthening institutional capabilities in terms of technical, managerial and entrepreneurial training, with focus on chambers of commerce/associations of industry and consultancy institutions	620,720-740, 630
	- Reassessing role of public sector training institutions	620, 720-740
	- Networking human resource development institutions in developing and developed countries	620, 840
	- Direct training and skill upgrading activities and preparation of training materials, in particular in quality control and standardization, repair and maintenance, industrial safety and environmental issues	620, 720-750, 650, 530
	- Entrepreneurship development	620, 640
Equitable development through industrial development	- Strategies/policies and institutional requirements in support of regional dispersal of industrial development	650, 820, 720-750
	- Promotion and strengthening of SMEs as poverty alleviation mechanisms through entrepreneurship development; common service facilities, business incubators, etc.; subcontracting; advice on technology upgrading options; and stimulation of self-organization	640, 650, 620, 830
	- Agro-processing and agro-related industries as sectoral focus	720

Table 2 (continued)

Development objective	Key areas of service	Programmes primarily responsible
Environmentally sustainable industrial development	- Introduction of cleaner production concepts through policy advice, information on technology options and availability, promotional programmes, environment and energy audits as well as national cleaner production centres	750, 720-740, 830, 520
	- National Agenda 21 implementation	750, 720-740, 650
	- Preservation of biodiversity and environmentally sound use of biotechnology	750, 830
	- Montreal Protocol: CFC substitution in refrigeration, foams and solvents sector, primarily at plant level	750, 730, 740
	- Safe handling/disposal of toxic chemicals and product substitution in agro-chemicals	750, 730
	- Energy-efficient industrial processes, energy conservation and new and renewable sources of energy as well as centres/networks on industrial application of safer energy	750, 720-740, 830
	- Environmental awareness of SMEs concerning process improvements and waste treatment/disposal options	750, 640
International co-operation in industrial investment and technology	- Integrated investment promotion services through analysis of FDI trends and determinants; national investment guides; project identification, appraisal and promotion; strengthening of investment agencies; investment forums; and world investment network services	820, 520
	- Transfer of technologies through build-up of information capacities (INTIB/TIES); monitoring and analysis of innovative forms of technology transfer; strengthening of institutional capacities and revitalization of existing technology agencies; and organization of Techmarts	830, 520, 720-750
	- Establishment of international and regional technology centres (e.g. ICS)	830, 650, 720-740
	- Twinning arrangemements between industry-related institutions	840, 650, 720-740
	- Region-to-region cooperation	840, 650, 720-740
	- ECDC/TCDC	840

Programme codes

520 (Industrial Information)
530 (Industrial Statistics)
540 (Studies and Research)
620 (Human Resource Development)
630 (Enterprise Development and Restructuring)
640 (Small and Medium Enterprises)
650 (Institutional Support and Private Sector Development)
720 (Agro-based Industries)
730 (Chemical Industries)
740 (Metallurgical and Engineering Industries)
750 (Environment and Energy)
820 (Investment Service)
830 (Technology Service)
840 (Industrial Cooperation and Consultations Service, including ECDC/TCDC)

those development objectives primarily addressed by the various programmes. With this proviso, the following links between development objectives and the programme structure can be defined.

98. With regard to the three special considerations, it is evident that they in particular pervade all programmes of UNIDO. This applies to the integration of women based on the concept of "mainstreaming"; to the development of the private sector which increasingly permeates UNIDO services in the various sectors and countries; and to the regional priorities which serve as overall guidance for programme development in the regions concerned. In terms of lead coordinating programmes the following linkages can be specified. UNIDO activities in support of the integration of women are guided and coordinated by subprogramme 313 (Integration of Women in Industrial Development); private sector development is led by programme 650 (Institutional Support and Private Sector Development); and the Organization's regional priorities are developed and coordinated by the various regional programmes (programmes 320-360).

D. Programme instruments

99. The above detailed description of the various services foreseen to be rendered by UNIDO in compliance with the development objectives and on the basis of the revealed demand from Member States covers a broad spectrum. It must, however, be emphasized that demand-driven programmes will necessarily need to comprise a multitude of disciplines and services corresponding to the diversification of the needs and priorities of the Member States. The services described in the present medium-term plan will, therefore, have to be understood as being the broad framework within which UNIDO will concentrate its actual resources for delivering specific services.

100. These endeavours of UNIDO to ensure an adequate focus and critical mass in utilizing its scarce resources will be pursued by the following measures. First, most services that UNIDO actually is and will be delivering comprise in themselves elements of various disciplines. This means that, e.g., a programme of rendering support to a small-scale industry in a developing country will be conceived and carried out as an inter-divisional programme containing ingredients of some of the services outlined above such as analytical and policy advice, information, technical cooperation and the promotion of international cooperation. The various components will thus not constitute independent services but will be packaged into coherent programmes.

101. Secondly, UNIDO will pursue its endeavours outlined in the Director-General's Bulletin on Guidelines for the Management of UNIDO Services (UNIDO/DG/B.177) to screen requested services from the very outset regarding their compliance with a given country's priorities and the capabilities of UNIDO (see also para. 145 below) so as to ensure that the resources of the Organization are not stretched beyond a feasible limit.

102. Finally, it is foreseen that the larger number and increased functions of UNIDO country offices supported by national expertise of the host country will have to be directly involved in both the design and delivery of services by the Organization.

103. All in all, a major challenge for UNIDO in the plan period will be (a) to tie the range of requested services to the five development objectives; (b) to screen, assess and select specific services as to their expected development impact and UNIDO capabilities; and (c) to build integrated programmes of services utilizing synergy effects and team efforts.

1. Programme development

104. The forward-looking development of programmes and, in this context, the identification of priorities and the selection among them is a critical precondition for designing and implementing coherent and interlinked services. With a view to overcoming previous shortcomings, UNIDO has reformulated and strengthened its programme development approach (IDB.13/9-PBC.10/11).

105. The new programming framework, which is being applied on a trial basis in the 1994-1995 biennium, should become fully operational in the plan period. An important new tool is the UNIDO country support strategies which will be supplemented by country programming briefs. The strategies derive from a policy dialogue (and related analyses) between UNIDO and a given country's Government and other relevant industrial actors and formulate the UNIDO response to the needs and demands of industrial development in terms of priority programmes and services. They are linked to and actually complement the overall United Nations system exercise of preparing country strategy notes. Essentially, the strategies will draw upon all relevant UNIDO programme instruments in an integrated manner, i.e. they will commit UNIDO's own resources - both from the regular budget and from programmable UNIDO-administered funds - and link them with other non-programmable resources. Committing the former to assessed priorities will serve as a basis for mobilizing the latter in the same areas.

106. In the plan period, based on an assessment of the experience gained in 1994-1995, UNIDO will refine the country support strategies approach and format and will, where appropriate, also prepare consolidated subregional support strategies.

107. In terms of developing integrated and thematic programmes of services, UNIDO has made significant conceptual advances. Integrated programmes are derived from extensive subsectoral analyses strongly involving also the private sector and put forward coherent packages of technical cooperation, promotional and information services as well as policy advice. Thematic programmes, within a more limited perspective, develop successful UNIDO services into a series of projects adapted to the specific circumstances prevailing in different countries. It is expected that two integrated development programmes - one on the wooden furniture industrial system and one on the local production of health sector inputs for the Africa region - as well as two thematic programmes - one on women entrepreneurs for growth and one on biomass energy generation - will become fully operational in the plan period. Further integrated and thematic programmes will be developed with special emphasis on areas in which industrial development can be effectively linked with overall socio-economic objectives.

2. Analytical studies and services

108. A number of functionally diversified study and research activities will be carried out with a view to strengthening the conceptual and analytical foundation on which the operational

programmes of the Organization rest, generating assessed UNIDO positions on critical industrial development issues and providing analytical and policy advisory services upon request.

109. A first group of studies will address global techno-economic trends and assess their implications for industrialization patterns and industrial strategies and policies in different regions of the world. In this, the focus will be on issues which are likely to affect significantly the future development paths of the developing countries, such as the industrial impact of major technological innovations, the sustainability and replicability of different industrial development approaches, the determinants of international resource flows, and the relevance of efficiency-equity trade-offs. The results of monitoring global economic and technological trends and assessing their implications for different developing regions will be issued in an annual analytical report.

110. Second, action-oriented research will be carried out with a view to providing direction to the implementation of specific UNIDO programmes in fields such as small and medium enterprises, human resource development, private sector development, and environment and energy. The same applies to industrial subsectors on which empirical research will be undertaken based on the Organization's statistical database. This action-oriented research will increasingly be integrated into the work of those organizational units directly in charge of implementing related programmes. As has been the case since 1992, such action-oriented studies will continue to be funded partly under the ISS-1 facility established by UNDP, under the successor arrangements for agency support costs.

111. Finally, a series of country-level Industrial Development Reviews will be undertaken, complemented by related in-depth industrial surveys, brief investment and industrial policy reviews and regional industrial overviews as required. These are closely linked to the programming of UNIDO services and will, for the countries covered, provide an analytical basis for the preparation of UNIDO country support strategies. Equally important is their use as promotional documentation in the context of the Organization's international cooperation efforts, above all investment promotion activities, and as a basis for informed policy dialogues on industrial restructuring initiatives. Emphasis will be placed on strengthening UNIDO's link with users in the private industrial business community and on enhancing UNIDO's role as a centre of excellence for country economic analyses of industrial trends and policy issues as required by Governments, investors, industrial executives, aid officials and others.

112. For all publications resulting from UNIDO research activities, a targeted dissemination to different groups of clients in Member States will be ensured and cooperation with commercial publishers will be intensified where appropriate.

3. Technical cooperation project management

113. Technical cooperation projects are all projects, financed either under UNIDO-administered or other funds, which fall within any of the following five categories: (a) institution-building projects; (b) direct support projects; (c) direct training projects; (d) experimental projects; and (e) pilot projects. It is in the context of technical cooperation projects that the majority of the substantive services rendered by UNIDO are actually delivered. The nature and range of these services has been described above under each of the five development objectives. The present section thus focuses on some general dimensions of project management.

114. In order to provide the Organization with the required operational support, a series of functions are carried out related to project management. Project personnel management and procurement services are to ensure the timely identification, appointment and administration of all international and national staff and consultancy firms for UNIDO projects, as well as the efficient and smooth supply of the goods, materials and equipment necessary to ensure the full implementation of technical cooperation projects. Project management also includes administrative support to fellowships and other training programmes of UNIDO.

115. Recipient developing countries expect UNIDO to provide individual experts and consultancy firms of high professional calibre with excellent communication skills so as to ensure the maximum transfer of knowledge. In projects in which procurement is involved, the recipient countries expect UNIDO to provide the required equipment, goods and materials at the best quality available in the market, yet at the most competitive prices. This requires that UNIDO improve the composition of its rosters and strengthen its contacts with sources of recruitment and procurement in all regions, e.g. through national recruitment services, industrial and scientific institutions and industry and technical associations. International competition for high-quality expertise also calls for greater flexibility and responsiveness on the part of the Organization with regard to conditions of employment, fees payable and administrative support offered to experts. In the area of fellowships and other training programmes it is indispensable to keep an updated register of institutions in both developing and industrialized countries offering training opportunities, including study tours and group training programmes, in line with the implementation requirements of UNIDO technical cooperation projects.

116. At project personnel level, it is expected in the plan period that the prevailing trend will continue towards an increasing number of international experts employed for short-term assignments in a wide variety of highly sophisticated and specialized technological and economic disciplines. In addition, the reliance on national professional project personnel, employed on average for longer periods than international experts, will increase. The same applies to consultancy firms, which will increasingly be needed for highly specialized subjects on a short-term basis.

117. The technical cooperation rosters for project personnel, consulting companies and institutions, equipment manufacturers and vendors, as well as the inventory of available training opportunities will be expanded with a view to accommodating the needs for specialized expertise and equipment in increasingly sophisticated technological and managerial disciplines. Electronic data-processing and office automation techniques will be made available and used to enhance the efficiency of the recruitment process as well as the procurement of contract services and equipment.

118. A coherent project management policy will be developed and applied to ensure that highly qualified experts, consultancy firms and institutions, equipment manufacturers and vendors as well as training institutions are kept in the front-line services of the Organization.

4. Information services

119. Information is an indispensable element for the process of industrial development. Through this programme instrument, UNIDO attempts to disseminate sets of information relevant to industrial development taking into account regional and country needs. Information can only achieve a positive impact if it is tailored to specific needs and utilized at the right moment. Thus speed and quality of information are two factors carefully considered. This programme instrument encompasses the collection, processing, analysis, monitoring and dissemination of information. Sets of information provided by UNIDO comprise technological information, industrial investment information and industrial statistics, as well as information on services provided by UNIDO.

120. With the recent installation of Internet (a world-wide network of communication networks - cf. ID8.12/7, annex I, para. 8) at UNIDO Headquarters, dissemination of information will be dramatically facilitated and accelerated. In the plan period, efforts will be devoted to interlink various beneficiaries of this programme instrument world-wide to enable them to obtain higher quality and more rapid information.

121. Through the INTIB mechanism, UNIDO assists countries in taking well-founded technological decisions. The Industrial Inquiry Service is used to transfer and disseminate information and to respond to specific inquiries received. Such inquiries are normally received directly from industrialists, government policy makers or indirectly through other United Nations organizations. There is a growing trend that queries are routed via the INTIB network of regional and national focal points that serve as intermediaries and play an important role in packaging information in appropriate form, both for local users and to feed into central databases. Currently there are over 80 national focal points established in various countries. In the plan period, substantial efforts will be made to improve the performance of these focal points also by interlinking them more closely with the work of UNIDO Country Directors and IPS offices.

122. In general, information is stored and disseminated in various forms such as databases, printouts and microfiches: Industrial Development Abstracts contain information on UNIDO technical cooperation activities, studies and reports, and proceedings of expert group meetings; the International Referral System directs entrepreneurs to external specialized sources of industrial and technological information to obtain responses to their inquiries; the technology supply database contains details of technology offers and requests collected at Techmart events; the Referral Database on Energy and the Environment (REED) contains information on institutions, projects, technologies, and other information concerning energy and environment; the Information Resource Management System is an integrated database system based on REED extended to information for sectors other than energy and environment; and Information Referral System (INRES) is a UNDP-developed database of training opportunities offered by institutions in the developing world. In the plan period, particular emphasis will be placed on addressing the information needs of small and medium enterprises, including information specially related to clean and energy-saving technologies.

123. In accordance with a decision by the United Nations Statistical Commission, the responsibility for collection and dissemination of industrial statistics is being transferred from the United Nations Statistical Office to UNIDO and the Organisation for Economic Cooperation and Development. Beginning in 1995, UNIDO will assume responsibility for industrial statistics of developing countries and transition economies (for all non-OECD countries). The UNIDO industrial database will be enlarged and publication of the Handbook of Industrial Statistics will become an annual rather than a biennial exercise. Information of this type represents an integral part of technical cooperation programmes and efforts to strengthen the capabilities of countries in the domain of industrial statistics and related policy information will be intensified in the plan period. The goal is to help countries develop more detailed and relevant types of statistics on industrial investment and finance, production capacities and productivity, as well as other parameters needed to assess changes in comparative advantage.

5. Promotion of industrial and technological development

124. Industrial promotion encompasses a wide range of activities designed to assist countries to identify and articulate their needs, increase their awareness of emerging industrial and technological trends, enhance the exchange of experience between countries and introduce new ideas and approaches related to technical cooperation and international industrial cooperation. This instrument comprises above all the promotion of industrial investment, industrial technology promotion and the promotion of other forms of international industrial cooperation. This section should thus be read in close conjunction with section II.B.5 above on the development objective "international cooperation in industrial investment and technology", which is complemented here by information on the main methods and tools employed by UNIDO in its promotional programmes.

125. Concerning investment promotion and technology transfer, the pre-investment analysis component ensures the quality of investment proposals by providing assistance to countries in the preparation and appraisal of industrial investment projects or by strengthening capabilities in the preparation of such projects at the institutional level. Software packages such as the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR) and the Project Profile Screening and Pre-appraisal Information System (PROPSPIN) are important tools of this component. Investment projects are identified by UNIDO and its IPS network supported by the global Databank for Investment Promotion Programmes. Programmes such as country presentation tours and delegates' programmes are important elements that contribute to this promotional activity. In country presentation tours, representatives of recipient countries undertake a short promotional tour, usually in connection with a specific investment forum, to countries from which major investments are expected. In the delegates' programme,

delegates from developing countries are invited to IPS offices to promote a portfolio of projects over a period of one or two years. Screened investment projects are promoted through various means including investment forums organized in recipient countries and other events such as "Investmarts".

126. The Technology and Investment Enhancement Strategy (TIES) is a promotional instrument that succeeds the Technological Information Exchange System (old TIES) and will become fully operational in the plan period. Its main objective is to promote cooperation, dialogue and policy discussions at regional and international levels among technology and investment institutions of developing countries on issues pertaining to and influencing technology and investment flows. The new TIES will be enhanced to address the investment issue together with technology information exchange.

127. Other more general mechanisms used for industrial promotion purposes include expert group meetings, workshops, consultations and other meetings arranged by UNIDO under its regular budget resources. They will primarily be applied for elaborating possible responses, by the developing countries themselves and by UNIDO, to pressing industrial development constraints and for identifying related technical cooperation requirements. Policy and technical advice will both be provided through such meetings as well as through separate advisory services rendered by UNIDO Headquarters and field staff.

6. Training

128. This programme instrument is closely linked with the development objective "development of human resources for industry" and should thus be seen in conjunction with it. It not only aims at the transfer of skills, but also includes the promotion and development of innovation, research and development capacities as well as managerial capabilities. As the Organization evidently cannot directly train millions of people, this programme instrument addresses those areas where it can act most effectively as a catalyst and stimulator of action and change. These include: (a) policy makers at various levels in government; (b) trainers in a large variety of organizations, including governmental and private sector organizations; and (c) key personnel in industry-related institutions and industrial enterprises. The programme instrument also aims to intensify the preparation and dissemination of training kits and packages of training materials, methods, manuals, documentation and software on high priority topics, drawing on materials developed in specific technical cooperation projects or at UNIDO Headquarters.

129. Other activities related to this programme instrument focus on specific training courses, organized on a group or individual basis, for key personnel from developing countries. Group training courses, including both in-plant and policy-oriented programmes, will be organized in response to specific training needs that are shared by a number of developing countries. In addition to group training, individual fellowships and study tours will be organized to meet specific training needs that can be more effectively met on this basis. In the plan period, increased attention will be paid in both types of training programmes to follow-up activities so as to enhance the impact of the training received.

130. The plan period will see the intensification of efforts by UNIDO to mobilize the considerable private sector resources in developing countries for enterprise-level training. A key element will be the training of both trainers and managers in industry supported by appropriate institutional and policy environments and by the provision of quality training materials.

131. Finally, UNIDO will further strengthen this programme instrument in cooperation with industrial associations, chambers of commerce and industry as well as large industrial enterprises, inter alia, through networking so as to facilitate the exchange of staff, information and curricula and establish joint training activities specifically in areas of high potential for ECDC/TCDC.

E. Supporting activities

1. Field representation

132. A number of factors combine to call for a strengthening and reorientation of the field representation of UNIDO. Apart from the general decentralization move in the United Nations system, these include: the need to strengthen the programme development efforts of UNIDO within a continuous dialogue with country-level decision makers; the increasing heterogeneity of UNIDO's clientele implying more negotiation and co-ordination requirements; the need to increase awareness of both public and private entities of UNIDO capabilities and services; the attempt to reach out to the various regions within a country in response to political and economic decentralization trends; and the need to develop integrated service packages in close consultation with different counterparts. As a result, an enhanced field presence is required to support UNIDO Headquarters in identifying, formulating, delivering and monitoring the services to be provided by the Organization in the most efficient manner. At the same time, the functions of the field offices will be broadened to range from programming activities to direct advisory services and thereby serve the entire Organization rather than being confined to supporting only its technical cooperation activities.

133. Effective coordination between UNIDO Country Directors (UCDs) and Resident Coordinators remains essential. At the same time, UNIDO field staff will need the flexibility to interact effectively with donor agencies, governmental/private sector bodies and funding agencies in their countries of assignment, in order to develop and negotiate all aspects including funding of UNIDO programmes and services.

134. In the plan period, UNIDO will actively pursue the implementation of United Nations General Assembly resolution 47/199 on decentralization of some functions from Headquarters to the field offices. In this connection, UNIDO will examine the possibility of "networking" its various field offices in developing countries.

135. In line with the recommendation of General Assembly resolution 47/199 calling for fullest utilization of the available national expertise at the field level, UNIDO field offices will include in the future at least one or two national professional officers who will have an intimate knowledge of the industry in their own country and will assist UCDs in development and delivery of specialized services to various clients. Similarly, UNIDO will consider the appointment of

National Directors for UNIDO field offices, wherever possible.

136. As requested by the Board at its eleventh session (decision IDB.11/Dec.29), UNIDO will undertake redeployment of Headquarters staff to field posts - including the temporary assignment of technical specialists - and assess the prospects of permanent transfer of Headquarters posts to the field as part of decentralization. Thus, UNIDO will make every effort not only to maintain the current level of field offices (42 under all sources of funds) but to increase this number to 50, which has been recommended by the policy-making organs of UNIDO as a desirable target.

137. In line with the recommendation in document IDB.11/7-PBC.9/9 on the UCD programme and subject to availability of financial resources, UNIDO will examine the possibilities of establishing three subregional offices on an experimental basis. If the concept is found feasible and if additional resources can be tapped, UNIDO will consider establishing further subregional offices.

138. The UNIDO field offices will continue to be financed from a variety of resources, including the Organization's regular and operational budgets, the UNDP sectoral support fund as well as various contributions from Member States. However, since the UNDP sectoral support might be discontinued at the end of 1996, UNIDO will increase its efforts to obtain the support of Member States for funding the UCD programme from alternative sources.

139. In order to ensure a coherent and coordinated performance of the field representation programme, UNIDO has established an advisory committee that will advise the Secretariat on the decentralization policy, mobilization of extrabudgetary resources, establishing country and subregional offices including their functions, location and staff requirements. The committee will also regularly follow up the implementation of decisions and recommendations of UNIDO policy-making organs on the UNIDO field representation programme.

2. Financial resource mobilization

140. In order to provide technical cooperation programmes and projects as well as other services requested by Member States to develop their industrial sectors, UNIDO requires funds and resources to finance its activities. Since the Constitution of UNIDO does not permit more than 6 per cent of the regular budget to be used for financing technical cooperation activities, the Organization has to mobilize the required funds from extrabudgetary resources.

141. In the past, UNIDO technical cooperation services were provided mainly through execution of UNDP-funded industrial projects in developing countries. With the gradual introduction of national execution in UNDP-financed projects, the role of UNIDO as a "subcontractor" of UNDP projects has declined dramatically. Therefore, if UNIDO is to provide any significant volume and quality of services to developing countries, it has to develop and implement a successful funds-mobilization strategy and strengthen its own funds mobilization capabilities.

142. To secure the interest of potential providers of financial resources and to respond to the needs of the developing countries, UNIDO will ensure that its services meet the quality standards set by the General Conference at its fourth session, namely relevance, cost-effectiveness and sustainability (cf. General Conference decision GC.4/Dec.11, para. (d)). Special attention will be given both to the quality of programme and service design and to the quality of implementation, monitoring and evaluation in order to ensure a sustainable impact of UNIDO services as well as the expected level of cost-efficiency and transparency.

143. Special efforts will be made to enhance the promotional and communication capabilities of UNIDO, in order to make the Organization better known in recipient and donor countries with a view to allowing an informed demand for its services on the one hand and generating the extrabudgetary resources needed for delivery of such services on the other. For that purpose, UNIDO will strengthen its partnership with key actors in the industrial sector such as chambers of commerce and industry, technology institutes, associations of industry, etc., in both recipient and donor countries. Through better public information, UNIDO will make every effort through intensive contacts with governmental information services, national and local information media, donor communications in developing countries, etc. to increase the awareness about UNIDO capabilities and services and to improve the public image of UNIDO both in donor and recipient countries.

144. The required funding for UNIDO services will have to be secured from various sources including current and potential donors. Since, however, funding sources differ in terms of their objectives, operational policy, resource potential and capabilities, it will be essential for UNIDO to design and promote a tailor-made funds-mobilization strategy according to the profile of the present and potential providers of resources. The funding sources have accordingly been organized in terms of target groups rather than funding mechanisms and comprise funds from the United Nations system, Governments, development finance institutions and the industrial sector.

3. Quality assurance

145. As part of the restructuring of the Organization, the quality assurance system has been revised and broadened with a view to ensuring that agreed quality standards are consistently applied in the development and delivery of services. Quality assurance will be the direct responsibility of all staff formulating project documents and their supervising managers. Related advice is available directly in the various implementing Divisions through specially trained quality assurance officers while a central Quality Assurance Unit ensures the adoption of uniform procedures and methodologies. The new approach is thus based on building up and promoting quality consciousness from below and in an integrated and decentralized manner throughout the Organization. The quality standards applied will be regularly reviewed so as to ensure that they fully reflect the constitutional principles of the Organization, its strategies and policies as well as the relevant guidelines on procedures, methods and formats. In a broader perspective, new guidelines for the management of UNIDO services (IDB.13/9-PBC.10/11) are being introduced to ensure that the entire process is transparent, relevant documentation is traceable and responsibility and

accountability are clearly assigned at each stage. Also, a new screening mechanism has been put into place that will allow focusing the services of UNIDO at an early stage on those areas that: (a) correspond to its mandate, policies and priorities; (b) respond to country needs and strategies; (c) are likely to be fundable; and (d) fall within areas of UNIDO expertise and staff availability.

146. In the plan period, the operation of the quality system will be continuously monitored by the central Quality Assurance Unit, which will also act as permanent adviser to PPRC. Based on this monitoring, the senior management of the Organization will regularly assess the status and adequacy of the quality system in relation to the overall quality policy of UNIDO. This quality policy rests critically on the assumption that UNIDO, as a service organization, has to provide relevant, cost-efficient and sustainable support to the needs of client institutions - through supporting the analysis of a problem situation, the formulation of a programme for a client or its implementation.

147. Methodologies such as the project cycle management/objectives-oriented project planning enable the operation of the quality system to be done in a transparent, iterative and participatory manner involving to the extent possible both the client and the beneficiaries. In this way, relevance and long-term sustainability of the impact at the beneficiaries' level can be ensured. These methodologies are sufficiently open and flexible to be combined with other tools. In the plan period, UNIDO will continuously review these methodologies and harmonize them with those of other multi- and bilateral cooperation agencies through regular meetings with their experts. Furthermore, whenever requested, UNIDO will continue to transfer such methodologies and related guidelines and procedures to Governments and institutions of developing countries engaged in coordinating technical cooperation activities.

148. Managers and staff will operate the quality system for UNIDO services according to the above standards and criteria. This implies that they will have to be fully conversant with the above principles, policies, priorities, procedures, methods and instruments. In the plan period, a series of training programmes will thus be devised at different levels on the relevant quality standards and criteria.

III. ACTION REQUIRED OF THE BOARD

149. The Board may wish to recommend to the General Conference the adoption of the following draft decision:

"The General Conference:

"(a) Recalls General Conference resolution GC.5/Res.1, in particular paragraph 1;

"(b) Takes note of the revised draft medium-term plan, 1996-2001, as contained in document IDB.13/19, in particular its new structure in compliance with General Conference resolution GC.5/Res.1;

"(c) Approves the services of UNIDO outlined in the relevant sections of document IDB.13/19 as the principal programme directive for the plan period which should serve as framework for the formulation by the Director-General of the biennial programme and budgets;

"(d) Decides for the future to rename the medium-term plan the 'medium-term programme framework' and reduce its time coverage to a period of four years."